

Chinese Official Commitments on Exchange Rate Policy, Increasing Domestic Demand, and Improving Market Access

- **President Hu Jintao – trip to United States (April 19-20, 2006)**
 - “China will continue to develop the foreign exchange market (and) increase the flexibility of the exchange rate.”
 - “We will continue to advance the reform of the RMB exchange rate regime, and take positive steps in such areas as expanding market access, increasing imports, and strengthening the protection of intellectual property rights”
 - “China pursues a policy of boosting domestic demand, meaning we'll mainly rely upon domestic demand expansion to further promote” growth.
 - “We'll continue to expand market access and increase imports of U.S. products.”
 - “China does not seek a large [trade] surplus, and will further open its markets to American goods and services.”

- **Premier Wen Jiabao**
 - China “will expand the FX market and allow more flexibility and fluctuation of the Chinese currency.” (March 14, 2006)
 - "We must [expand] domestic demand, a long-term strategic policy that we must stick to." (October 8, 2005)

- **People’s Bank of China Governor Zhou Xiaochuan**
 - China “is adopting further measures to expand domestic demand, encourage consumption, open its markets, improve its exchange-rate regime, and restructure trade.” (April 22, 2006, repeating the 5-Point Plan to reduce the trade surplus that Zhou outlined before the China Development Forum on March 20, 2006)
 - “We are moving into more [foreign exchange] flexibility...all these things are moving forward to lay the foundation for further market-oriented reforms.” (April 20, 2006)
 - “Six months after the reform (of the exchange rate on July 21), most Chinese enterprises have adapted smoothly...market forces could be allowed gradually to play a greater role in the floating exchange rate.” (March 20, 2006)

- **Finance Minister Jin Renqing**
 - “The Chinese government will...make the yuan exchange rate more flexible. China has never deliberately pursued a trade surplus or an increase in foreign exchange reserves.” (May 4, 2006)

- **U.S.-China Joint Economic Committee (JEC) Joint Statement**
 - The Chinese “affirmed their intention to enhance the flexibility and strengthen the role of market forces in their managed floating exchange rate regime.” (Oct.17, 2005)